

Message Text

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INFO OCT-01 ISO-00 /001 R

DRAFTED BY EUR: GEORGE VEST
APPROVED BY S/S: PETER TARNOFF
D - DLAMB
S/S-O:TGMARTIN

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FM SECSTATE WASHDC
TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 084796 TOSEC 030191

NODIS

E.O. 11652: GDS

TAGS: OVIP (VANCE, CYRUS)

SUBJECT: CONVERSATION WITH SCHMIDT

FOR WISNER FROM LAMB

WARREN CHRISTOPHER BELIEVES THAT THE SECRETARY WILL WISH TO
READ GEORGE VEST'S MEMCON OF FRIDAY'S SCHMIDT-CHRISTOPHER
CONVERSATION BEFORE THE SECRETARY MEETS WITH GENSCHER. I
AM CABLING YOU THE TEXT SHOULD MR. VANCE HAVE TIME TO TURN
TO IT ENROUTE HOME.

BEGIN TEXT:

1. PARTICIPANTS: CHANCELLOR SCHMIDT, MR. RUHFUS, DEPUTY
SECRETARY OF STATE, AMBASSADOR STOESEL, GEORGE VEST,
ASSISTANT SECRETARY FOR EUR.

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DATE AND PLACE: MARCH 31, 1978, 11:00 A.M., CHANCELLOR'S
RESIDENCE, HAMBURG, GERMANY.

2. ERW. THE DEPUTY SECRETARY EXPLAINED THAT THE PRESIDENT
HAD ASKED HIM TO COME TO GERMANY TO EXPLAIN TO THE CHANCEL-
LOR THE POSITION HE PROPOSED TO TAKE WITH REGARD TO ERW --
THAT IN DEEPEST CONFIDENCE HE WAS NOW LEANING STRONGLY
AGAINST ERW PRODUCTION. BECAUSE THE DECISION INVOLVED

MANY FACTORS, HE HAD INSTRUCTED THE DEPUTY SECRETARY TO

EXPLAIN HIS THINKING.

3. THE CHANCELLOR ASKED THE DEPUTY SECRETARY IF HE HAD TALKED DIRECTLY TO THE PRESIDENT, AND MR. CHRISTOPHER SAID YES, THE PRECEDING MONDAY.

4. ONE CONSIDERATION ON THE PRESIDENT'S MIND HE SAID, WAS THAT A DECISION TO PRODUCE THE ERW HAD A HIGH POTENTIAL FOR BEING A DIVISIVE INFLUENCE IN THE ALLIANCE. SCHMIDT ASKED WHICH COUNTRIES WOULD BE DIFFICULT. IS THE PRESIDENT AWARE, HE ASKED, THAT HE CANNOT INCLUDE THE FRG IN SUCH A GROUP. CHRISTOPHER REPLIED THAT THE PRESIDENT KNEW OF THE RESPONSIVE ATTITUDE OF THE FRG AND HAD THE GREATEST APPRECIATION FOR THE POSITION THE FRG HAD TAKEN. SCHMIDT CONTINUED, "BUT WHICH COUNTRIES HAVE HAD RESERVATIONS?" CHRISTOPHER RESPONDED, "NORWAY, DENMARK, THE NETHERLANDS AND BELGIUM." SCHMIDT WAS UNAWARE THAT BELGIUM REPRESENTED A PROBLEM, AS WAS RUHFUS.

5. A SECOND CONSIDERATION, SAID CHRISTOPHER, WAS THE WIDE DIVISION IN PUBLIC OPINION ON ERW PRODUCTION -- A DIVISION WHICH COULD MAKE IT MORE DIFFICULT TO OBTAIN PUBLIC SUPPORT.
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PORT THROUGHTOUT NATO AND ELSEWHERE FOR ESSENTIAL DEFENSE PROGRAMS. SCHMIDT ASKED IF THERE WAS A PUBLIC OPINION PROBLEM IN THE UNITED STATES AS WELL. HE RECALLED THE CLOSE VOTE ON BUDGET SUPPORT FOR ERW IN THE LAST CONGRESS. CHRISTOPHER AGREED IT WAS A PROBLEM IN THE UNITED STATES AS WELL.

6. A THIRD CONSIDERATION WAS THE FACT THAT ERW IS NOT A PANACEA WHICH WOULD AUTOMATICALLY SOLVE OR SUBSTANTIALLY DIMINISH OUR SECURITY CONCERNS.

7. A FOURTH CONSIDERATION WAS THAT OUR SECURITY CONCERNS COULD BE ADEQUATELY MET THROUGH MODERNIZATION OF CONVENTIONAL AND THEATER NUCLEAR PROGRAMS INVOLVING LANCE, THE EIGHT-INCH, ETC.

8. FINALLY, THE TRADE-OFF APPROACH WAS NOT PROMISING. EVEN THOSE WHO WERE ABLE TO AGREE ON WHAT SHOULD BE PROPOSED AS A POSSIBLE TRADE-OFF WERE NOT ENCOURAGED AS THEY LOOKED MORE CLOSELY AT THE SITUATION.

9. CHRISTOPHER CONTINUED THAT AFTER CONSIDERING THESE FACTORS, THE PRESIDENT, BECAUSE HE WAS ABOUT TO LEAVE ON HIS TRIP TO SOUTH AMERICA AND AFRICA, HAD PARTICULARLY WANTED SCHMIDT TO KNOW ABOUT HIS THINKING AND TO HAVE HIS

ADVICE ON HOW TO MOVE AHEAD. HE HAD TALKED THE PRECEDING

WEEK TO CALLAGHAN IN WASHINGTON. SCHMIDT ASKED WHAT CALLAGHAN'S RESPONSE HAD BEEN. CHRISTOPHER SAID THAT CALLAGHAN HAD BEEN UNDERSTANDING, DID NOT HAVE MUCH OPTIMISM ABOUT TRADE-OFFS, AND WAS READY TO SUPPORT THE PRESIDENT IN HIS NEW DECISION.

10. SCHMIDT SAID HE WAS GRATEFUL TO HAVE HAD A NIGHT TO THINK ABOUT THE PRESIDENT'S NEW APPROACH, AS A RESULT OF THE CHRISTOPHER-GENSCHER MEETING THE AFTERNOON BEFORE.

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HE COULD NOT GIVE AN AUTHORITATIVE ANSWER AS YET. GENSCHER WAS DUE TO COME TO WASHINGTON ON APRIL 6. BY THAT TIME THE FEDERAL SECURITY COUNCIL COULD HAVE MET ON EITHER MONDAY OR TUESDAY AT THE LATEST, AND GENSCHER WOULD BRING THE COMMENTS OF THE FRG WITH HIM. SCHMIDT HAD, HE SAID, SOME QUESTIONS AND PROVISIONAL REMARKS WHICH MIGHT BE HELPFUL IN FORESHADOWING THE POSITIONS WHICH COULD COME OUT OF THE MEETING OF THE FEDERAL SECURITY COUNCIL.

11. HE ENTIRELY AGREED WITH THE PRESIDENT THAT THIS HAD TO BE HIS DECISION. HE HAD NEVER DOUBTED IT; HE HAD ALWAYS MAINTAINED THIS EVEN WHEN THE ISSUE WAS UNDER CONSULTATION WITHIN THE ALLIANCE. SO HE STRESSED, THIS WAS THE PRESIDENT'S DECISION. AT THE SAME TIME, HE APPRECIATED THE FACT THAT THE ALLIANCE AND THE FRG HAD BEEN CONSULTED AND HIS VIEWS ASKED FOR. AS A PRELIMINARY, HE WANTED ESPECIALLY TO HAVE MR. CHRISTOPHER BRING TO THE ATTENTION OF THE PRESIDENT THAT IN THE DAYS LEADING UP TO MARCH 20, HE (SCHMIDT) HAD THE IMPRESSION THAT THE FRG WAS IN TOTAL AGREEMENT WITH THE UNITED STATES ON BOTH SUBSTANCE AND TACTICS. BY MEANS OF THE AMERICAN EMBASSY IN BONN, THE GERMANS HAD HAD THE AMERICAN SPEAKING NOTES FOR THE PROPOSED NAC MEETINGS ON MARCH 20 AND 22. THE AMERICAN POSITION HAD BEEN DISCUSSED WITH THE FEDERAL SECURITY COUNCIL WHICH HAD AGREED FULLY WITH THE POSITION WHICH HAD BEEN FORWARDED FROM WASHINGTON. HE, IF WE WISHED, WOULD GIVE OUR EMBASSY IN BONN A COPY OF THE INSTRUCTIONS SENT TO AMBASSADOR PAULS IN NATO, AND HE WAS CONFIDENT THAT WE WOULD FIND THEY WERE PRACTICALLY 100 IN ACCORD WITH THE INSTRUCTIONS TO THE AMERICAN AMBASSADOR IN NATO. AS A CONSEQUENCE, SCHMIDT SAID HE COULD NOT HIDE HIS ASTONISHMENT AT THE DEVELOPMENT OF OUR SUDDEN NEW POLICY. HE ASKED CHRISTOPHER TO PLEASE TELL THE PRESIDENT THAT THE

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FRG HAD BEEN FULLY AGREED WITH US IN PREPARATION FOR MARCH 20, AND HE HAD THE STRONG CONVICTION THAT THE

BRITISH WERE AS WELL. SO THE THREE MAIN MEMBERS OF THE ALLIANCE WERE IN ACCORD WITH THE THREE-POINT PROPOSAL TO HAVE NATO NOTE THE US PROPOSAL TO PRODUCE, TO HAVE THE US

OFFER TO NEGOTIATE WITH THE SOVIETS IF THE WEST GAVE UP ERW, AND IF THE NEGOTIATIONS LED TO NOTHING WITHIN APPROXIMATELY TWO YEARS, TO BE READY TO DEPLOY ERW IN EUROPE AND ON GERMAN SOIL, WITH THE UNDERSTANDING THAT THE FRG WOULD NOT BE THE ONLY SOIL. SCHMIDT REITERATED THAT HE HAD THE IMPRESSION THAT THE PRESIDENT MIGHT NOT BE ENTIRELY AWARE OF THE FIRMNESS OF THE GERMAN GOVERNMENT'S DECISION AND OF ITS READINESS TO GO FORWARD WITH HIM. HE WAS REPEATING THIS, HE SAID, BECAUSE IT WAS IMPORTANT THAT AS WE SHIFT OUR APPROACH IT SHOULD NOT COME OUT WRONG IN THE PRESS ON ONE SIDE OF THE OCEAN OR ANOTHER, SINCE THE PRESS IS ALWAYS SO READY TO CAST BLAME.

12. SCHMIDT SAID THAT SOME IN GERMANY WOULD WELCOME THE PRESIDENTIAL DECISION (IMPLYING WEHNER AND BRANDT AT THE LEAST). HE SAID THAT WHILE THIS WAS AN AMERICAN DECISION, THE DECISION WOULD AFFECT THE SECURITY ENVIRONMENT OF THE ALLIANCE SO HE WOULD LIKE TO MAKE SOME COMMENTS ABOUT THIS DECISION AND SALT. HE HAD THE FEELING THAT IN THE SALT II TALKS AT VLADIVOSTOK FORD AND KISSINGER AS WELL AS, MORE RECENTLY, CARTER AND VANCE HAVE POSSIBLY VERGED ON AN ASPECT OF SECURITY OF CONSIDERABLE IMPORTANCE TO EUROPE. THE MORE ONE APPROACHED A NUMERICAL BALANCE IN THE STRATEGIC INTER-CONTINENTAL FIELD, THE LESS AMERICAN INTER-CONTINENTAL WEAPONS SERVED AS A DETERRENT TO THE SOVIETS, PARTICULARLY IN THE LIGHT OF THE SOVIET EXISTING CONVENTIONAL SUPERIORITY IN EUROPE AND IN MORE RECENT TIMES THE SOVIETS' INTRA-CONTINENTAL WEAPONS SUCH AS THE SS-20 AND BACKFIRE. THE SOVIETS WERE GETTING TOO BIG AN EDGE, AND THAT IS WHY HE SENSED A NEED FOR CAUTION AS WE TALKED

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ABOUT CRUISE MISSILES AND BACKFIRE, ETC. AND THEIR LIMITATIONS FOR THREE YEARS. THAT WAS ALSO WHY HE HAD BEEN HAPPY THAT WE WOULD TRY TO BARGAIN ERW AGAINST EITHER SS-20'S OR THE TANK BUILD-UP. HE HAD UNDERSTOOD THE US PREFERRED THE SS-20, AND WHILE THE FRG MILITARY PREFERRED THE TANK OPTION, THE FRG GOVERNMENT WOULD HAVE GONE ALONG WITH US ON THE SS-20 TRADE-OFF. HE HOPED THE PRESIDENT FULLY UNDERSTOOD THIS.

13. MR. CHRISTOPHER MADE THE POINT THAT AS FAR AS THE SALT PROTOCOL WAS CONCERNED, WE WOULD BE ABLE TO TEST ALL THREE CATEGORIES OF CRUISE MISSILES AND DEPLOY AIR-LAUNCHED CRUISE MISSILES. SCHMIDT COMMENTED THAT NEVERTHELESS HE WAS CONCERNED THAT WE WOULD NOT BE ABLE TO GET AWAY FROM THESE LIMITATIONS AFTER THREE YEARS. CHRISTOPHER CONTINUED

THAT THE RESTRICTIONS ON BACKFIRE WERE ONE OF THE MOST IMPORTANT UNDECIDED AREAS IN THE SALT II NEGOTIATIONS AND WERE VERY HIGH ON THE LIST OF ISSUES TO BE DECIDED. SCHMIDT

ASKED IF IT WAS POSSIBLE WE COULD AGREE ON A SALT II WITHOUT A DECISION ON BACKFIRE AND DID WE SEE BACKFIRE IN TERMS OF A THREAT TO US TERRITORY OR TO OTHER AREAS SUCH AS EUROPE. CHRISTOPHER REPLIED THAT WE WOULD CERTAINLY NOT REACH A SALT II AGREEMENT WITHOUT A DECISION ON BACKFIRE, AND THE NATURE OF SALT II WAS SUCH THAT WE WERE DISCUSSING IT IN TERMS OF THE INTER-CONTINENTAL THREAT. CHRISTOPHER THEN UNDERLINED THE FACT THAT THE BREZHNEV CAMPAIGN AGAINST ERW HAD NOT INFLUENCED THE PRESIDENTIAL DECISION TO FOREGO PRODUCTION, BUT QUITE THE OPPOSITE, AND HE WISHED TO STRESS THIS POINT. SCHMIDT WELCOMED THIS AND THOUGHT IT WAS IMPORTANT THAT THIS SHOULD BE KEPT IN MIND AS WE TRIED TO DEAL WITH THE PUBLIC HANDLING OF THE DECISION. IN THAT CONNECTION HE OBSERVED THAT IF THE

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PUBLIC STATEMENT DID NOT GET OUT FAIRLY SOON, THEN THIS MESSAGE WOULD BE LOST.

14. CHRISTOPHER ASSURED SCHMIDT THAT WE WOULD CONSULT WITH HIM ON THE FORM AND TIMING OF THE US ANNOUNCEMENT. HE ASKED IF, ASSUMING THAT ERW IS NOT AN ACTUAL BARGAINING CHIP, WAS THERE SOME OTHER WAY TO MAKE AN EFFECTIVE USE OF THE DECISION IN RELATION TO THE SOVIETS.

15. SCHMIDT SAW LITTLE UTILITY IN TRYING, NOW THAT THE US DECISION HAD BEEN MADE. AFTER ALL, HOW DID THE SOVIETS RECIPROCATATE OUR DECISION NOT TO CONSTRUCT THE B-1 BOMBER, WHICH WAS AN EVEN MORE IMPORTANT WEAPON THAN ERW. THE SOVIETS SWALLOWED THAT AND GAVE NOTHING BACK IN RESPONSE. HE DIDN'T SEE A CHANCE OF GETTING SOMETHING OUT OF THEM FOR ERW. IF WE WANTED SOMETHING OUT OF THEM, HE THOUGHT WE WOULD HAVE TO OFFER THE SOVIETS TO FORESTALL THE DECISION FOR A GIVEN NUMBER OF YEARS. CHRISTOPHER SAID WE AT LEAST WOULD BE ABLE TO FOCUS ATTENTION MORE ACCURATELY ON THEIR FAULTS ONCE WE HAD TAKEN OUR NEW DECISION. HOWEVER, IF WE MADE A LINK AND THEY DID NOT RESPOND, WE WOULD HAVE TO GO AHEAD. SCHMIDT AGREED AND SAID THAT NO MAJOR GOVERNMENT COULD EVER AFFORD TO PLAY THE "CHICKEN" GAME BECAUSE THAT WOULD BE IDIOCY. HE ALSO AGREED THAT WE WOULD GET SOME EASING OF PUBLIC OPINION, PARTICULARLY IN THE NETHERLANDS AND BELGIUM, AND INDEED IN SOME QUARTERS IN THE FRG, BUT THIS WOULD BE A SHORT-TERM ADVANTAGE AND WOULD EVAPORATE RATHER QUICKLY.

16. SCHMIDT THEN TURNED TO THE QUESTION OF HOW TO PRESENT

THE NEW DECISION AND WHEN. WHILE THIS WAS UNDENIABLY A
PRESIDENTIAL DECISION TAKEN BY THE UNITED STATES, WOULD
THE PRESIDENT WANT TO HINT AT SOME OF THE REASONS WHICH

LED HIM TO TAKE THIS DECISION WHEN HE MADE A PUBLIC STATE-
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MENT? WE SHOULD BE VERY CAREFUL ABOUT THAT PHRASE
"DIVISIVENESS", AND WE SHOULD NOT LET IT FLOW INTO THE
PUBLIC STATEMENT OR IT COULD CREATE IN ITSELF MUCH
DIVISIVENESS WITHIN THE ALLIANCE. CHRISTOPHER AGREED AND
POINTED OUT THAT HE HAD MENTIONED IT AS PART OF THE
PRESIDENTIAL THINKING WHICH HAD LED TO THE NEW DECISION
AND NOT ABOUT WHAT MIGHT OR WHAT MIGHT NOT BE IN THE PUBLIC
STATEMENT. SCHMIDT CONTINUED THAT THE IMPORTANT THING WAS
THAT THIS NEW DECISION MUST NOT CREATE DIVISIVENESS. JUST
AS WE WERE ON THE WAY TO A NAC CONSENSUS AND DECISION ON
MARCH 20, IT WAS EQUALLY NECESSARY TO WORK OUT A FURTHER
CONSENSUS IN THE NEW SITUATION. HE OBSERVED THAT CALLAG-
HAN HAD BEEN DISCREET AND WRITTEN HIM ABOUT ECONOMIC
MATTERS DISCUSSED IN WASHINGTON WITH THE PRESIDENT BUT HAD
NOT MENTIONED THIS SUBJECT. HE WONDERED HOW THE OTHER
NATO ALLIES WOULD REACT. HE EXPECTED THE FRENCH WOULD
SAY THAT THEY HAD NOT BEEN INVOLVED IN THE FIRST INSTANCE
AND THEREFORE WERE NOT INVOLVED IN THE PRESENT ONE. HE
CAUTIONED THAT THE UNITED STATES WOULD GET THE UTMOST
COOPERATION OF THE BRITISH AND GERMAN GOVERNMENTS BUT
THEY COULD NOT CONTROL THEIR PRESS. HE KNEW THAT THE
CDU OPPOSITION WOULD ACCUSE HIM OF HAVING TRIGGERED THIS
NEW PRESIDENTIAL DECISION, AND HE WOULD HAVE TO DEAL WITH
SOME HEAVY POLITICAL INFIGHTING. HE OBSERVED THAT IF HE
MET WITH REALLY DEVILISH ARGUMENTS FROM THE CDU IN THE
BUNDESTAG, HE MIGHT BE COMPELLED TO READ OUT HIS INSTRUC-
TIONS TO AMBASSADOR PAULS, BUT THEN HE WAS IMAGINING HIS
WORST POSSIBLE SITUATION.

17. CHRISTOPHER ASSURED SCHMIDT THAT HE WOULD BRING
SCHMIDT'S POSITIONS ON THIS WHOLE SUBJECT TO THE ATTENTION
OF THE PRESIDENT. WE HAVE BEEN AWARE OF THE HELPFULNESS
OF THE FRG, AND SO HAS THE PRESIDENT, AND WE ARE GRATEFUL
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FOR THE GERMAN HELP. SCHMIDT SAID THAT THE GERMANS TRIED
TO BE COOPERATIVE BEFORE AND WISHED TO BE SO IN THE FUTURE.
THE US-GERMAN RELATIONSHIP WAS OF THE UTMOST IMPORTANCE TO
THE FRG, OF SOME IMPORTANCE TO THE UNITED STATES, AND
OF CONSIDERABLE IMPORTANCE TO MOST OF THE REST OF THE
ALLIANCE. THE FRG HAD AGREED TO THE EARLIER DECISION

BECAUSE THEY THOUGHT IT WAS A GOOD ONE. THEY NOW WOULD DO THEIR BEST TO DEAL WITH THE PRESENT SITUATION. HE URGED CHRISTOPHER, BOTH IN TALKS IN LONDON AND IN WASHINGTON, TO PASS THE MESSAGE THAT HE (SCHMIDT) HOPED THAT THERE WOULD BE NO PUBLIC ANNOUNCEMENT BEFORE THURSDAY TO ALLOW TIME FOR GENSCHER'S VISIT TO WASHINGTON. HE HAD TO GET TOGETHER THE FEDERAL SECURITY COUNCIL AND INFORM THE KEY POLITICAL LEADERS IN GERMANY. HE DID NOT THINK

HE COULD GET HIS POLITICAL WORLD IN ORDER BEFORE ABOUT THURSDAY. CHRISTOPHER SAID THAT WE WOULD TRY TO COME BACK AS SOON AS POSSIBLE TO SCHMIDT TO INFORM HIM OF THE PROPOSED US PUBLIC STATEMENT AND THAT WE WERE CONSCIOUS OF THE NEED TO INFORM THE OTHER COUNTRIES AND NAC TO HAVE AN ORDERLY PRESENTATION OF THE PRESIDENTIAL DECISION. SCHMIDT SAID HE WOULD TRY TO GET THE FEDERAL SECURITY COUNCIL MEETING EARLY SO THAT GENSCHER COULD ARRIVE IN WASHINGTON POSSIBLY LATE ON TUESDAY. ALL THE SPEED POSSIBLE, HE KNEW, WAS NEEDED BECAUSE THIS KIND OF NEWS LEAKED FAST.

18. SCHMIDT AND CHRISTOPHER AGREED THAT THE PRESS LINE ON THEIR CURRENT MEETING WOULD BE GENERAL AND THAT THE CHANCELLOR'S PRESS SPOKESMAN WOULD SAY THAT DURING A TRIP TO ANKARA AND LONDON THE DEPUTY SECRETARY HAD COME TO SCC SCHMIDT AND GENSCHER ON THE REQUEST OF THE PRESIDENT CARTER TO CONVEY HIS THINKING ON THE PRESENT SITUATION IN SUCH AREAS AS ALLIANCE BUSINESS, AFRICA, THE MIDDLE EAST, THE EASTERN MEDITERRANEAN AND THE UPCOMING BONN SUMMIT, AND THAT FURTHER VIEWS WOULD BE EXCHANGED

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IN THE COURSE OF FOREIGN MINISTER GENSCHER'S ALREADY SCHEDULED VISIT TO WASHINGTON NEXT WEEK.

19. BONN SUMMIT. SCHMIDT COMMENTED THAT IT WAS WRONG TO LET THE IDEA SPREAD AROUND THAT THESE SUMMITS WERE ONLY USEFUL TO CONSIDER ECONOMIC MATTERS. HE HAD PARTICIPATED IN ALL OF THEM, AND OTHER NON-ECONOMIC MATTERS WERE EQUALLY IMPORTANT. IN FACT, ECONOMIC MATTERS WERE ONLY THE "BIKINI" ON THE BODY OF LARGER INTERNATIONAL INTERESTS. LEADERS NEEDED THE FREE-WHEELING EXCHANGE AS THEY HAD AT DOWNING STREET, AND HE ASKED CHRISTOPHER TO BE SURE TO TELL THE PRESIDENT THAT THESE SMALL MEETINGS WITHOUT ATTENDANTS AND NOTETAKERS WERE INDISPENSABLE FOR REAL UNDERSTANDING BETWEEN LEADERS.

20. EASTERN MEDITERRANEAN. SCHMIDT SAID HE THOUGHT WE SAW EYE-TO-EYE ON THE SITUATION IN THE MIDDLE EAST. HE WAS SAD ABOUT SADAT'S SITUATION. SADAT WAS RISKING HIS LIFE, AND HE WAS A GREAT MAN. AS FOR TURKEY, HE

HOPED THAT THE IMPROVED SITUATION WE HAD DESCRIBED TO GENSCHER WOULD BE CARRIED THROUGH AND THAT WE WOULD BE ABLE TO PROVIDE MORE ARMS FOR TURKEY. CHRISTOPHER DESCRIBED BRIEFLY THE U.S. PROPOSAL TO ECEVIT, OBSERVED THAT WE WOULD HAVE A STRUGGLE WITH CONGRESS, BUT IF OUR STATEMENT TO CONGRESS WAS ACCOMPANIED OR FOLLOWED QUICKLY BY TURKISH ACTION ON CYPRUS, HE WAS HOPEFUL. ECEVIT HOPED THAT IF THE EMBARGO WERE LIFTED, GERMANY WOULD BE ABLE TO HELP WITH MORE ARMS AND ECONOMIC ASSISTANCE. SCHMIDT

REPLIED THAT THE GERMANS WOULD CONTINUE AND THAT THEY WERE WORKING BOTH WITH THE GREEKS AND THE TURKS ON A 2-TO-3 RATIO. CHRISTOPHER NOTED THAT THE SHORT-TERM ECONOMIC SITUATION IN TURKEY WAS GRAVE BUT THE LONG-

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TERM ECONOMIC SITUATION WAS MORE PROMISING. SCHMIDT REPLIED THAT ALL GOVERNMENT LEADERS SPOKE THAT WAY, AND HE USED THAT LINE ABOUT TWICE A YEAR. TURNING MORE SERIOUS, HOWEVER, HE SAID THE UNITED STATES STOOD IN DANGER OF BEING IN THE REVERSE SITUATION. HE HOPED SECRETARY VANCE HAD SOMEONE STUDYING WHAT THE POSSIBILITIES FOR CONDUCTING US FOREIGN POLICY MIGHT BE IF THE DOLLAR DECLINE CONTINUED. HOW LONG COULD WE RELY, FOR EXAMPLE, ON THE FINANCIAL COOPERATION OF THE SAUDIS?

21. NUCLEAR NON-PROLIFERATION LEGISLATION. SCHMIDT ASKED IF THE NEW LEGISLATION CAME OUT OF THE BLUE. CHRISTOPHER REPLIED THAT IT STEMMED FROM THE CARTER PROGRAM BUT CONGRESS HAD ADDED MORE RIGOROUS PROVISIONS TO THE LEGISLATION THAN WE HAD ASKED. HE EMPHASIZED THAT IN CARRYING OUT NEGOTIATIONS, FOR EXAMPLE, WITH EURATOM, WE WOULD TRY NOT TO BE RIGOROUS BUT WE WOULD HAVE TO COMPLY WITH THE LAW. HE DESCRIBED HOW AMBASSADOR GERRY SMITH REGARDED THE SITUATION. SCHMIDT APPEARED TO BE SOMEWHAT RELIEVED BUT TOLD RUHFUS THAT HE WANTED TO LOOK SPECIFICALLY INTO THIS SUBJECT WHEN HE RETURNED TO BONN.

22. PRESIDENT CARTER'S VISIT TO THE FRG. SCHMIDT SAID HE HAD HEARD ALREADY THAT THE PRESIDENT WOULD GO TO BERLIN WHICH WAS EXCELLENT, AND HE WELCOMED THE PLANNING FOR THE PRESIDENT TO SEE SOME AMERICAN TROOPS, POSSIBLY IN BAVARIA. HE WAS THINKING ABOUT A COMBINED ACTIVITY WHERE SCHMIDT MIGHT BE CARTER'S GUEST WITH SOME AMERICAN TROOPS, OR MAYBE THEY COULD BOTH ATTEND A COMBINED EXERCISE. IT WOULD BE USEFUL TO HAVE SOME PUBLIC EVIDENCE OF THE HEALTHY JOINT ACTIVITY WE HAVE TOGETHER.

23. RHODESIA. SCHMIDT SAID HE HAD BEEN ASTONISHED AT ANDY YOUNG'S STATEMENT THAT THE INTERNAL SOLUTION WAS ILLEGAL. HOW WAS IT ILLEGAL? CHRISTOPHER REPLIED THAT

SINCE THERE IS A REASONABLE BASIS FOR DESCRIBING THE

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SMITH GOVERNMENT AS ILLEGAL, SO ALSO WAS ITS PROGENY ILLEGAL. THE REALITY, HE ADDED, WAS THAT THE INTERNAL SOLUTION WAS SIMPLY NO REAL SOLUTION AND COULD LEAD TO A MUCH WORSE SITUATION WHERE THE SOVIETS WOULD SEND WEAPONS, THEN SOLDIERS, AND PERHAPS CUBANS INTO THE AREA. SCHMIDT AGREED WITH HIS DESCRIPTION OF THE PROBLEM AHEAD.

24. WAKE FOREST SPEECH. SCHMIDT COMPLIMENTED THE PRESIDENT ON THE SPEECH WHICH HE THOUGHT WAS VERY GOOD IN ITS RELATING OF DETENTE, MILITARY PREPAREDNESS, AND OUTSIDE SOVIET ACTIVITIES. HE BELIEVED IN THE APPROACH WHERE CLEAR WORDS WOULD BE RESPECTED IF THE OTHER GUY HAD THE IMPRESSION THAT WORDS WOULD BE FOLLOWED BY EFFECTIVE ACTION.

25. CONCLUSION: SCHMIDT THANKED CHRISTOPHER FOR THE VISIT AND FOR THE PRESIDENT'S THOUGHTFULNESS IN GIVING HIM THIS INSIDE APPROACH TO HIS THINKING. IN TYPICAL SCHMIDT FASHION, WITH A BIG GRIN, HE CONCLUDED, "I LIKE THE VISIT EVEN IF I DIDN'T LIKE THE OCCASION FOR IT." CHRISTOPHER THANKED SCHMIDT FOR HIS FOREBEARANCE IN TAKING TIME OUT FROM HIS VACATION TO GO OVER THESE MATTERS, AND SCHMIDT AGAIN SAID THAT HE SHOULD THINK NOTHING OF IT -- THAT IT WAS THE GREATEST VALUE TO HAVE HAD THE VISIT. HE DEEPLY VALUED PERSONAL ENCOUNTERS AND EXCHANGES. NOW THE PROBLEM AHEAD WAS TO INSURE THAT WE STICK TOGETHER BECAUSE THE PRESS WOULD NATURALLY TRY TO SOW DRAGON'S TEETH. END TEXT CHRISTOPHER

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FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

S E C R E T STATE 084796

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DATE AND PLACE: MARCH 31, 1978, 11:00 A.M., CHANCELLOR'S
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5. A SECOND CONSIDERATION, SAID CHRISTOPHER, WAS THE WIDE DIVISION IN PUBLIC OPINION ON ERW PRODUCTION -- A DIVISION WHICH COULD MAKE IT MORE DIFFICULT TO OBTAIN PUBLIC SUPPORT THROUGHOUT NATO AND ELSEWHERE FOR ESSENTIAL DEFENSE PROGRAMS. SCHMIDT ASKED IF THERE WAS A PUBLIC OPINION PROBLEM IN THE UNITED STATES AS WELL. HE RECALLED THE CLOSE VOTE ON BUDGET SUPPORT FOR ERW IN THE LAST CONGRESS. CHRISTOPHER AGREED IT WAS A PROBLEM IN THE UNITED STATES AS WELL.

6. A THIRD CONSIDERATION WAS THE FACT THAT ERW IS NOT A PANACEA WHICH WOULD AUTOMATICALLY SOLVE OR SUBSTANTIALLY DIMINISH OUR SECURITY CONCERNS.

7. A FOURTH CONSIDERATION WAS THAT OUR SECURITY CONCERNS COULD BE ADEQUATELY MET THROUGH MODERNIZATION OF CONVENTIONAL AND THERATEER NUCLEAR PROGRAMS INVOLVING LANCE, THE EIGHT-INCH, ETC.

8. FINALLY, THE TRADE-OFF APPROACH WAS NOT PROMISING. EVEN THOSE WHO WERE ABLE TO AGREE ON WHAT SHOULD BE PROPOSED AS A POSSIBLE TRADE-OFF WERE NOT ENCOURAGED AS THEY LOOKED MORE CLOSELY AT THE SITUATION.

9. CHRISTOPHER CONTINUED THAT AFTER CONSIDERING THESE FACTORS, THE PRESIDENT, BECAUSE HE WAS ABOUT TO LEAVE ON HIS TRIP TO SOUTH AMERICA AND AFRICA, HAD PARTICULARLY WANTED SCHMIDT TO KNOW ABOUT HIS THINKING AND TO HAVE HIS

ADVICE ON HOW TO MOVE AHEAD. HE HAD TALKED THE PRECEDING WEEK TO CALLAGHAN IN WASHINGTON. SCHMIDT ASKED WHAT CALLAGHAN'S RESPONSE HAD BEEN. CHRISTOPHER SAID THAT

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CALLAGHAN HAD BEEN UNDERSTANDING, DID NOT HAVE MUCH OPTIMISM ABOUT TRADE-OFFS, AND WAS READY TO SUPPORT THE

PRESIDENT IN HIS NEW DECISION.

10. SCHMIDT SAID HE WAS GRATEFUL TO HAVE HAD A NIGHT TO THINK ABOUT THE PRESIDENT'S NEW APPROACH, AS A RESULT OF THE CHRISTOPHER-GENSCHER MEETING THE AFTERNOON BEFORE. HE COULD NOT GIVE AN AUTHORITATIVE ANSWER AS YET. GENSCHER WAS DUE TO COME TO WASHINGTON ON APRIL 6. BY THAT TIME THE FEDERAL SECURITY COUNCIL COULD HAVE MET ON EITHER MONDAY OR TUESDAY AT THE LATEST, AND GENSCHER WOULD BRING THE COMMENTS OF THE FRG WITH HIM. SCHMIDT HAD, HE SAID, SOME QUESTIONS AND PROVISIONAL REMARKS WHICH MIGHT BE HELPFUL IN FORESHADOWING THE POSITIONS WHICH COULD COME OUT OF THE MEETING OF THE FEDERAL SECURITY COUNCIL.

11. HE ENTIRELY AGREED WITH THE PRESIDENT THAT THIS HAD TO BE HIS DECISION. HE HAD NEVER DOUBTED IT; HE HAD ALWAYS MAINTAINED THIS EVEN WHEN THE ISSUE WAS UNDER CONSULTATION WITHIN THE ALLIANCE. SO HE STRESSED, THIS WAS THE PRESIDENT'S DECISION. AT THE SAME TIME, HE APPRECIATED THE FACT THAT THE ALLIANCE AND THE FRG HAD BEEN CONSULTED AND HIS VIEWS ASKED FOR. AS A PRELIMINARY, HE WANTED ESPECIALLY TO HAVE MR. CHRISTOPHER BRING TO THE ATTENTION OF THE PRESIDENT THAT IN THE DAYS LEADING UP TO MARCH 20, HE (SCHMIDT) HAD THE IMPRESSION THAT THE FRG WAS IN TOTAL AGREEMENT WITH THE UNITED STATES ON BOTH SUBSTANCE AND TACTICS. BY MEANS OF THE AMERICAN EMBASSY IN BONN, THE GERMANS HAD HAD THE AMERICAN SPEAKING NOTES FOR THE PROPOSED NAC MEETINGS ON MARCH 20 AND 22. THE AMERICAN POSITION HAD BEEN DISCUSSED WITH THE FEDERAL SECURITY COUNCIL WHICH HAD AGREED FULLY WITH THE POSITION WHICH HAD BEEN FORWARDED FROM WASHINGTON. HE, IF WE WISHED, WOULD GIVE
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OUR EMBASSY IN BONN A COPY OF THE INSTRUCTIONS SENT TO AMBASSADOR PAULS IN NATO, AND HE WAS CONFIDENT THAT WE WOULD FIND THEY WERE PRACTICALLY 100 IN ACCORD WITH THE INSTRUCTIONS TO THE AMERICAN AMBASSADOR IN NATO. AS A CONSEQUENCE, SCHMIDT SAID HE COULD NOT HIDE HIS ASTONISHMENT AT THE DEVELOPMENT OF OUR SUDDEN NEW POLICY. HE ASKED CHRISTOPHER TO PLEASE TELL THE PRESIDENT THAT THE FRG HAD BEEN FULLY AGREED WITH US IN PREPARATION FOR MARCH 20, AND HE HAD THE STRONG CONVICTION THAT THE BRITISH WERE AS WELL. SO THE THREE MAIN MEMBERS OF THE ALLIANCE WERE IN ACCORD WITH THE THREE-POINT PROPOSAL TO HAVE NATO NOTE THE US PROPOSAL TO PRODUCE, TO HAVE THE US

OFFER TO NEGOTIATE WITH THE SOVIETS IF THE WEST GAVE UP ERW, AND IF THE NEGOTIATIONS LED TO NOTHING WITHIN APPROXIMATELY TWO YEARS, TO BE READY TO DEPLOY ERW IN EUROPE AND ON GERMAN SOIL, WITH THE UNDERSTANDING THAT THE FRG WOULD NOT BE THE ONLY SOIL. SCHMIDT REITERATED

THAT HE HAD THE IMPRESSION THAT THE PRESIDENT MIGHT NOT BE ENTIRELY AWARE OF THE FIRMNESS OF THE GERMAN GOVERNMENT'S DECISION AND OF ITS READINESS TO GO FORWARD WITH HIM. HE WAS REPEATING THIS, HE SAID, BECAUSE IT WAS IMPORTANT THAT AS WE SHIFT OUR APPROACH IT SHOULD NOT COME OUT WRONG IN THE PRESS ON ONE SIDE OF THE OCEAN OR ANOTHER, SINCE THE PRESS IS ALWAYS SO READY TO CAST BLAME.

12. SCHMIDT SAID THAT SOME IN GERMANY WOULD WELCOME THE PRESIDENTIAL DECISION (IMPLYING WEHNER AND BRANDT AT THE LEAST). HE SAID THAT WHILE THIS WAS AN AMERICAN DECISION, THE DECISION WOULD AFFECT THE SECURITY ENVIRONMENT OF THE ALLIANCE SO HE WOULD LIKE TO MAKE SOME COMMENTS ABOUT THIS DECISION AND SALT. HE HAD THE FEELING THAT IN THE SALT II TALKS AT VLADIVOSTOK FORD AND KISSINGER AS WELL AS, MORE RECENTLY, CARTER AND VANCE HAVE POSSIBLY VERGED ON AN ASPECT OF SECURITY OF CONSIDERABLE IMPORTANCE TO EUROPE.

THE MORE ONE APPROACHED A NUMERICAL BALANCE IN THE STRATE-

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GIC INTER-CONTINENTAL FIELD, THE LESS AMERICAN INTER-CONTINENTAL WEAPONS SERVED AS A DETERRENT TO THE SOVIETS, PARTICULARLY IN THE LIGHT OF THE SOVIET EXISTING CONVENTIONAL SUPERIORITY IN EUROPE AND IN MORE RECENT TIMES THE SOVIETS' INTRA-CONTINENTAL WEAPONS SUCH AS THE SS-20 AND BACKFIRE. THE SOVIETS WERE GETTING TOO BIG AN EDGE, AND THAT IS WHY HE SENSED A NEED FOR CAUTION AS WE TALKED ABOUT CRUISE MISSILES AND BACKFIRE, ETC. AND THEIR LIMITATIONS FOR THREE YEARS. THAT WAS ALSO WHY HE HAD BEEN HAPPY THAT WE WOULD TRY TO BARGAIN ERW AGAINST EITHER SS-20'S OR THE TANK BUILD-UP. HE HAD UNDERSTOOD THE US PREFERRED THE SS-20, AND WHILE THE FRG MILITARY PREFERRED THE TANK OPTION, THE FRG GOVERNMENT WOULD HAVE GONE ALONG WITH US ON THE SS-20 TRADE-OFF. HE HOPED THE PRESIDENT FULLY UNDERSTOOD THIS.

13. MR. CHRISTOPHER MADE THE POINT THAT AS FAR AS THE SALT PROTOCOL WAS CONCERNED, WE WOULD BE ABLE TO TEST ALL THREE CATEGORIES OF CRUISE MISSILES AND DEPLOY AIR-LAUNCHED CRUISE MISSILES. SCHMIDT COMMENTED THAT NEVERTHELESS HE WAS CONCERNED THAT WE WOULD NOT BE ABLE TO GET AWAY FROM THESE LIMITATIONS AFTER THREE YEARS. CHRISTOPHER CONTINUED THAT THE RESTRICTIONS ON BACKFIRE WERE ONE OF THE MOST IMPORTANT UNDECIDED AREAS IN THE SALT II NEGOTIATIONS AND WERE VERY HIGH ON THE LIST OF ISSUES TO BE DECIDED. SCHMIDT

ASKED IF IT WAS POSSIBLE WE COULD AGREE ON A SALT II WITHOUT A DECISION ON BACKFIRE AND DID WE SEE BACKFIRE IN TERMS OF A THREAT TO US TERRITORY OR TO OTHER AREAS SUCH AS EUROPE. CHRISTOPHER REPLIED THAT WE WOULD CERTAINLY NOT REACH A SALT II AGREEMENT WITHOUT A DECISION ON

BACKFIRE, AND THE NATURE OF SALT II WAS SUCH THAT WE WERE DISCUSSING IT IN TERMS OF THE INTER-CONTINENTAL THREAT.

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CHRISTOPHER THEN UNDERLINED THE FACT THAT THE BREZHNEV CAMPAIGN AGAINST ERW HAD NOT INFLUENCED THE PRESIDENTIAL DECISION TO FOREGO PRODUCTION, BUT QUITE THE OPPOSITE, AND HE WISHED TO STRESS THIS POINT. SCHMIDT WELCOMED THIS AND THOUGHT IT WAS IMPORTANT THAT THIS SHOULD BE KEPT IN MIND AS WE TRIED TO DEAL WITH THE PUBLIC HANDLING OF THE DECISION. IN THAT CONNECTION HE OBSERVED THAT IF THE PUBLIC STATEMENT DID NOT GET OUT FAIRLY SOON, THEN THIS MESSAGE WOULD BE LOST.

14. CHRISTOPHER ASSURED SCHMIDT THAT WE WOULD CONSULT WITH HIM ON THE FORM AND TIMING OF THE US ANNOUNCEMENT. HE ASKED IF, ASSUMING THAT ERW IS NOT AN ACTUAL BARGAINING CHIP, WAS THERE SOME OTHER WAY TO MAKE AN EFFECTIVE USE OF THE DECISION IN RELATION TO THE SOVIETS.

15. SCHMIDT SAW LITTLE UTILITY IN TRYING, NOW THAT THE US DECISION HAD BEEN MADE. AFTER ALL, HOW DID THE SOVIETS RECIPROCATATE OUR DECISION NOT TO CONSTRUCT THE B-1 BOMBER, WHICH WAS AN EVEN MORE IMPORTANT WEAPON THAN ERW. THE SOVIETS SWALLOWED THAT AND GAVE NOTHING BACK IN RESPONSE. HE DIDN'T SEE A CHANCE OF GETTING SOMETHING OUT OF THEM FOR ERW. IF WE WANTED SOMETHING OUT OF THEM, HE THOUGHT WE WOULD HAVE TO OFFER THE SOVIETS TO FORESTALL THE DECISION FOR A GIVEN NUMBER OF YEARS. CHRISTOPHER SAID WE AT LEAST WOULD BE ABLE TO FOCUS ATTENTION MORE ACCURATELY ON THEIR FAULTS ONCE WE HAD TAKEN OUR NEW DECISION. HOWEVER, IF WE MADE A LINK AND THEY DID NOT RESPOND, WE WOULD HAVE TO GO AHEAD. SCHMIDT AGREED AND SAID THAT NO MAJOR GOVERNMENT COULD EVER AFFORD TO PLAY THE "CHICKEN" GAME BECAUSE THAT WOULD BE IDIOTCY. HE ALSO AGREED THAT WE WOULD GET SOME EASING OF PUBLIC OPINION, PARTICULARLY IN THE NETHERLANDS AND BELGIUM, AND INDEED IN SOME QUARTERS IN THE FRG, BUT THIS WOULD BE A SHORT-TERM ADVANTAGE AND WOULD EVAPORATE RATHER QUICKLY.

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16. SCHMIDT THEN TURNED TO THE QUESTION OF HOW TO PRESENT THE NEW DECISION AND WHEN. WHILE THIS WAS UNDENIABLY A PRESIDENTIAL DECISION TAKEN BY THE UNITED STATES, WOULD THE PRESIDENT WANT TO HINT AT SOME OF THE REASONS WHICH

LED HIM TO TAKE THIS DECISION WHEN HE MADE A PUBLIC STATE-

MENT? WE SHOULD BE VERY CAREFUL ABOUT THAT PHRASE "DIVISIVENESS", AND WE SHOULD NOT LET IT FLOW INTO THE PUBLIC STATEMENT OR IT COULD CREATE IN ITSELF MUCH DIVISIVENESS WITHIN THE ALLIANCE. CHRISTOPHER AGREED AND POINTED OUT THAT HE HAD MENTIONED IT AS PART OF THE PRESIDENTIAL THINKING WHICH HAD LED TO THE NEW DECISION AND NOT ABOUT WHAT MIGHT OR WHAT MIGHT NOT BE IN THE PUBLIC STATEMENT. SCHMIDT CONTINUED THAT THE IMPORTANT THING WAS THAT THIS NEW DECISION MUST NOT CREATE DIVISIVENESS. JUST AS WE WERE ON THE WAY TO A NAC CONSENSUS AND DECISION ON MARCH 20, IT WAS EQUALLY NECESSARY TO WORK OUT A FURTHER CONSENSUS IN THE NEW SITUATION. HE OBSERVED THAT CALLAGHAN HAD BEEN DISCREET AND WRITTEN HIM ABOUT ECONOMIC MATTERS DISCUSSED IN WASHINGTON WITH THE PRESIDENT BUT HAD NOT MENTIONED THIS SUBJECT. HE WONDERED HOW THE OTHER NATO ALLIES WOULD REACT. HE EXPECTED THE FRENCH WOULD SAY THAT THEY HAD NOT BEEN INVOLVED IN THE FIRST INSTANCE AND THEREFORE WERE NOT INVOLVED IN THE PRESENT ONE. HE CAUTIONED THAT THE UNITED STATES WOULD GET THE UTMOST COOPERATION OF THE BRITISH AND GERMAN GOVERNMENTS BUT THEY COULD NOT CONTROL THEIR PRESS. HE KNEW THAT THE CDU OPPOSITION WOULD ACCUSE HIM OF HAVING TRIGGERED THIS NEW PRESIDENTIAL DECISION, AND HE WOULD HAVE TO DEAL WITH SOME HEAVY POLITICAL INFIGHTING. HE OBSERVED THAT IF HE MET WITH REALLY DEVILISH ARGUMENTS FROM THE CDU IN THE BUNDESTAG, HE MIGHT BE COMPELLED TO READ OUT HIS INSTRUC-

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TIONS TO AMBASSADOR PAULS, BUT THEN HE WAS IMAGINING HIS WORST POSSIBLE SITUATION.

17. CHRISTOPHER ASSURED SCHMIDT THAT HE WOULD BRING SCHMIDT'S POSITIONS ON THIS WHOLE SUBJECT TO THE ATTENTION OF THE PRESIDENT. WE HAVE BEEN AWARE OF THE HELPFULNESS OF THE FRG, AND SO HAS THE PRESIDENT, AND WE ARE GRATEFUL FOR THE GERMAN HELP. SCHMIDT SAID THAT THE GERMANS TRIED TO BE COOPERATIVE BEFORE AND WISHED TO BE SO IN THE FUTURE. THE US-GERMAN RELATIONSHIP WAS OF THE UTMOST IMPORTANCE TO THE FRG, OF SOME IMPORTANCE TO THE UNITED STATES, AND OF CONSIDERABLE IMPORTANCE TO MOST OF THE REST OF THE ALLIANCE. THE FRG HAD AGREED TO THE EARLIER DECISION BECAUSE THEY THOUGHT IT WAS A GOOD ONE. THEY NOW WOULD DO THEIR BEST TO DEAL WITH THE PRESENT SITUATION. HE URGED CHRISTOPHER, BOTH IN TALKS IN LONDON AND IN WASHINGTON, TO PASS THE MESSAGE THAT HE (SCHMIDT) HOPED THAT THERE WOULD BE NO PUBLIC ANNOUNCEMENT BEFORE THURSDAY TO ALLOW TIME FOR GENSCHER'S VISIT TO WASHINGTON. HE HAD TO GET TOGETHER THE FEDERAL SECURITY COUNCIL AND INFORM THE KEY POLITICAL LEADERS IN GERMANY. HE DID NOT THINK

HE COULD GET HIS POLITICAL WORLD IN ORDER BEFORE ABOUT

THURSDAY. CHRISTOPHER SAID THAT WE WOULD TRY TO COME BACK AS SOON AS POSSIBLE TO SCHMIDT TO INFORM HIM OF THE PROPOSED US PUBLIC STATEMENT AND THAT WE WERE CONSCIOUS OF THE NEED TO INFORM THE OTHER COUNTRIES AND NAC TO HAVE AN ORDERLY PRESENTATION OF THE PRESIDENTIAL DECISION. SCHMIDT SAID HE WOULD TRY TO GET THE FEDERAL SECURITY COUNCIL MEETING EARLY SO THAT GENSCHER COULD ARRIVE IN WASHINGTON POSSIBLY LATE ON TUESDAY. ALL THE SPEED POSSIBLE, HE KNEW, WAS NEEDED BECAUSE THIS KIND OF NEWS LEAKED FAST.

18. SCHMIDT AND CHRISTOPHER AGREED THAT THE PRESS LINE ON THEIR CURRENT MEETING WOULD BE GENERAL AND THAT THE

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CHANCELLOR'S PRESS SPOKESMAN WOULD SAY THAT DURING A TRIP TO ANKARA AND LONDON THE DEPUTY SECRETARY HAD COME TO SCC SCHMIDT AND GENSCHER ON THE REQUEST OF THE PRESIDENT CARTER TO CONVEY HIS THINKING ON THE PRESENT SITUATION IN SUCH AREAS AS ALLIANCE BUSINESS, AFRICA, THE MIDDLE EAST, THE EASTERN MEDITERRANEAN AND THE UPCOMING BONN SUMMIT, AND THAT FURTHER VIEWS WOULD BE EXCHANGED IN THE COURSE OF FOREIGN MINISTER GENSCHER'S ALREADY SCHEDULED VISIT TO WASHINGTON NEXT WEEK.

19. BONN SUMMIT. SCHMIDT COMMENTED THAT IT WAS WRONG TO LET THE IDEA SPREAD AROUND THAT THESE SUMMITS WERE ONLY USEFUL TO CONSIDER ECONOMIC MATTERS. HE HAD PARTICIPATED IN ALL OF THEM, AND OTHER NON-ECONOMIC MATTERS WERE EQUALLY IMPORTANT. IN FACT, ECONOMIC MATTERS WERE ONLY THE "BIKINI" ON THE BODY OF LARGER INTERNATIONAL INTERESTS. LEADERS NEEDED THE FREE-WHEELING EXCHANGE AS THEY HAD AT DOWNING STREET, AND HE ASKED CHRISTOPHER TO BE SURE TO TELL THE PRESIDENT THAT THESE SMALL MEETINGS WITHOUT ATTENDANTS AND NOTETAKERS WERE INDISPENSABLE FOR REAL UNDERSTANDING BETWEEN LEADERS.

20. EASTERN MEDITERRANEAN. SCHMIDT SAID HE THOUGHT WE SAW EYE-TO-EYE ON THE SITUATION IN THE MIDDLE EAST. HE WAS SAD ABOUT SADAT'S SITUATION. SADAT WAS RISKING HIS LIFE, AND HE WAS A GREAT MAN. AS FOR TURKEY, HE HOPED THAT THE IMPROVED SITUATION WE HAD DESCRIBED TO GENSCHER WOULD BE CARRIED THROUGH AND THAT WE WOULD BE ABLE TO PROVIDE MORE ARMS FOR TURKEY. CHRISTOPHER DESCRIBED BRIEFLY THE U.S. PROPOSAL TO ECEVIT, OBSERVED THAT WE WOULD HAVE A STRUGGLE WITH CONGRESS, BUT IF OUR STATEMENT TO CONGRESS WAS ACCOMPANIED OR FOLLOWED QUICKLY BY TURKISH ACTION ON CYPRUS, HE WAS HOPEFUL. ECEVIT HOPED

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THAT IF THE EMBARGO WERE LIFTED, GERMANY WOULD BE ABLE TO HELP WITH MORE ARMS AND ECONOMIC ASSISTANCE. SCHMIDT

REPLIED THAT THE GERMANS WOULD CONTINUE AND THAT THEY WERE WORKING BOTH WITH THE GREEKS AND THE TURKS ON A 2-TO-3 RATIO. CHRISTOPHER NOTED THAT THE SHORT-TERM ECONOMIC SITUATION IN TURKEY WAS GRAVE BUT THE LONG-TERM ECONOMIC SITUATION WAS MORE PROMISING. SCHMIDT REPLIED THAT ALL GOVERNMENT LEADERS SPOKE THAT WAY, AND HE USED THAT LINE ABOUT TWICE A YEAR. TURNING MORE SERIOUS, HOWEVER, HE SAID THE UNITED STATES STOOD IN DANGER OF BEING IN THE REVERSE SITUATION. HE HOPED SECRETARY VANCE HAD SOMEONE STUDYING WHAT THE POSSIBILITIES FOR CONDUCTING US FOREIGN POLICY MIGHT BE IF THE DOLLAR DECLINE CONTINUED. HOW LONG COULD WE RELY, FOR EXAMPLE, ON THE FINANCIAL COOPERATION OF THE SAUDIS?

21. NUCLEAR NON-PROLIFERATION LEGISLATION. SCHMIDT ASKED IF THE NEW LEGISLATION CAME OUT OF THE BLUE. CHRISTOPHER REPLIED THAT IT STEMMED FROM THE CARTER PROGRAM BUT CONGRESS HAD ADDED MORE RIGOROUS PROVISIONS TO THE LEGISLATION THAN WE HAD ASKED. HE EMPHASIZED THAT IN CARRYING OUT NEGOTIATIONS, FOR EXAMPLE, WITH EURATOM, WE WOULD TRY NOT TO BE RIGOROUS BUT WE WOULD HAVE TO COMPLY WITH THE LAW. HE DESCRIBED HOW AMBASSADOR GERRY SMITH REGARDED THE SITUATION. SCHMIDT APPEARED TO BE SOMEWHAT RELIEVED BUT TOLD RUHFUS THAT HE WANTED TO LOOK SPECIFICALLY INTO THIS SUBJECT WHEN HE RETURNED TO BONN.

22. PRESIDENT CARTER'S VISIT TO THE FRG. SCHMIDT SAID HE HAD HEARD ALREADY THAT THE PRESIDENT WOULD GO TO BERLIN WHICH WAS EXCELLENT, AND HE WELCOMED THE PLANNING FOR THE PRESIDENT TO SEE SOME AMERICAN TROOPS, POSSIBLY IN BAVARIA. HE WAS THINKING ABOUT A COMBINED ACTIVITY WHERE SCHMIDT MIGHT BE CARTER'S GUEST WITH SOME AMERICAN TROOPS, OR MAYBE THEY COULD BOTH ATTEND A COMBINED

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EXERCISE. IT WOULD BE USEFUL TO HAVE SOME PUBLIC EVIDENCE OF THE HEALTHY JOINT ACTIVITY WE HAVE TOGETHER.

23. RHODESIA. SCHMIDT SAID HE HAD BEEN ASTONISHED AT ANDY YOUNG'S STATEMENT THAT THE INTERNAL SOLUTION WAS ILLEGAL. HOW WAS IT ILLEGAL? CHRISTOPHER REPLIED THAT SINCE THERE IS A REASONABLE BASIS FOR DESCRIBING THE SMITH GOVERNMENT AS ILLEGAL, SO ALSO WAS ITS PROGENY ILLEGAL. THE REALITY, HE ADDED, WAS THAT THE INTERNAL SOLUTION WAS SIMPLY NO REAL SOLUTION AND COULD LEAD TO A MUCH WORSE SITUATION WHERE THE SOVIETS WOULD SEND

WEAPONS, THEN SOLDIERS, AND PERHAPS CUBANS INTO THE AREA.
SCHMIDT AGREED WITH HIS DESCRIPTION OF THE PROBLEM AHEAD.

24. WAKE FOREST SPEECH. SCHMIDT COMPLIMENTED THE
PRESIDENT ON THE SPEECH WHICH HE THOUGHT WAS VERY GOOD
IN ITS RELATING OF DETENTE, MILITARY PREPAREDNESS, AND
OUTSIDE SOVIET ACTIVITIES. HE BELIEVED IN THE
APPROACH WHERE CLEAR WORDS WOULD BE RESPECTED I THE
OTHER GUY HAD THE IMPRESSION THAT WORDS WOULD BE FOLLOWED
BY EFFECTIVE ACTION.

25. CONCLUSION: SCHMIDT THANKED CHRISTOPHER FOR THE
VISIT AND FOR THE PRESIDENT'S THOUGHTFULNESS IN GIVING
HIM THIS INSIDE APPROACH TO HIS THINKING. IN TYPICAL
SCHMIDT FASHION, WITH A BIG GRIN, HE CONCLUDED, "I
LIKE THE VISIT EVEN IF I DIDN'T LIKE THE OCCASION FOR
IT." CHRISTOPHER THANKED SCHMIDT FOR HIS FOREBEARANCE
IN TAKING TIME OUT FROM HIS VACATION TO GO OVER THESE
MATTERS, AND SCHMIDT AGAIN SAID THAT HE SHOULD THINK
NOTHING OF IT -- THAT IT WAS THE GREATEST VALUE TO HAVE
HAD THE VISIT. HE DEEPLY VALUED PERSONAL ENCOUNTERS AND
EXCHANGES. NOW THE PROBLEM AHEAD WAS TO INSURE THAT WE

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STICK TOGETHER BECAUSE THE PRESS WOULD NATURALLY TRY
TO SOW DRAGON'S TEETH. END TEXT CHRISTOPHER UNQUOTE
VANCE

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